

III. Date of Effectiveness of the Proposed Rule Changes and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reason for so finding or (ii) as to which the self-regulatory organizations consent, the Commission will:

- (a) By order approve such proposed rule changes, or
- (b) Institute proceedings to determine whether the proposed rule changes should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, D.C.

Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organizations. All submissions should refer to the file number in the caption above and should be submitted by April 18, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-7576 Filed 3-27-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35519; File No. SR-CBOE-95-07]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Solicited Transactions

March 21, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 14, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CBOE proposes to modify paragraph (e) of Rule 6.9 concerning solicited transactions so as to eliminate the requirement that the terms of the matching order be disclosed to the trading crowd.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The test of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Paragraph (e) of Rule 6.9 restricts the ability of a member to trade options, securities underlying such options, and related instruments while in possession of knowledge of all the material terms of an "original order" and a solicited matching order unless either of two conditions is met. One of the conditions is that all the terms of both the original

order and the matching order be disclosed to the trading crowd.²

The Exchange now proposes to amend paragraph (e) to eliminate the requirement that the terms of the matching order be disclosed to the trading crowd. Thus, a member will be able to trade options, the securities underlying such options, and any related instruments once the terms of the original order have been disclosed. Under the Exchange's proposal, when there has been advance solicitation of the other side of an original order, a member (or associated person) with knowledge of the original order and a matching responsive order may not buy or sell the option or the underlying security until the terms of the original order are disclosed to the trading crowd; once those terms are disclosed, however, the member may trade even if the terms of the matching order are not disclosed. As explained below, this modification would place solicited parties on an equal footing with Exchange members who have knowledge of the terms of the original order only, and would conform the trading restriction in paragraph (e) to the various priority provisions of Rule 6.9 and Interpretation .02 thereunder, which generally require disclosure only of the terms of an original order, not the terms of a matching solicited order.

The Exchange believes that this amendment is appropriate to achieve the primary purpose of Rule 6.9, which is to facilitate and regulate solicitation without imposing undue restrictions on trading, particularly anticipatory hedge transactions. As currently structured, the trading restrictions in paragraph (e) impose a special and substantial burden on any solicited party who was indicated, in response to a solicitation, an intention to place a matching responsive order. Under the present rule, such a solicited party may not trade based on knowledge of the impending solicited transaction, even if the original order has been fully disclosed to the crowd, until the solicited order is also disclosed.

In contrast to this treatment of solicited parties, paragraph (e) does not restrict trading by other CBOE members who know the terms of the disclosed order but who, if solicited, have not indicated an intention to trade at the original order's limit and who are otherwise unaware of any specific matching solicited order. Such parties may trade under the current rule even

² The other such condition is that the solicited order can no longer reasonably be considered imminent in view of the passage of time since the solicitation.

⁷ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

if they believe that an execution of the original order is imminent based on market circumstances.

The Exchange has concluded that this disparity in treatment places undue restrictions on solicited parties. Once an original order is fully disclosed to the trading crowd, those in the crowd have essentially the same market information as do solicited persons. Moreover, any solicited person who has privately indicated an intention to place a responsive order, and anyone aware of that intention, necessarily remains subject to the risks of the market and the auction process when entering a responsive order or affecting anticipatory trades. In such circumstances, all Exchange members should be able to effect trades on equal terms, and the proposal would achieve that equality of treatment.

Accordingly, the Exchange has concluded that paragraph (e) should be modified to require disclosure of the terms of the original order only. The Exchange believes that this narrower disclosure requirement will provide the trading crowd with a fair and full opportunity to make informed trading decisions without subjecting solicited parties and the solicitation process to overly burdensome restrictions.

The CBOE believes that its proposal is consistent with Section 6(b) of the Act in particular in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest. Specifically, the CBOE believes that its proposal will enhance the CBOE auction by restricting the trading activities of all CBOE members and associated persons equally.

(B) Self-Regulatory Organization's Statement on Burden on Competition

CBOE does not believe that the proposed rule change will impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written Comments on the proposed rule change were neither solicited nor received.

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organization consents, the Commission will:

- (a) By order approve such proposed rule change, or
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For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-7577 Filed 3-27-95; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2766]

California; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on March 12, 1995, and amendments thereto on March 16 and 17, I find that the following counties in the State of California constitute a disaster area due to damages resulting from severe winter storms causing flooding, landslides, and mud debris flows beginning on February 13, 1995 and continuing: Amador, Butte, Colusa, El Dorado, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Kings, Lake, Lassen, Los Angeles, Madera,

Marin, Mariposa, Mendocino, Modoc, Mono, Monterey, Napa, Nevada, Orange, Placer, Plumas, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yola, and Yuba. Applications for loans for physical damages may be filed until the close of business on May 11, 1995, and for loans for economic injury until the close of business on December 12, 1995, at the address listed below:

U.S. Small Business Administration,
Disaster Area 4 Office, P.O. Box
13795, Sacramento, CA 95853-4795

or other locally announced locations. In addition, applications for economic injury loans from small business located in the following contiguous counties may be filed until the specified date at the above location: Alameda, Alpine, Calaveras, Contra Costa, Del Norte, Merced, San Francisco, San Joaquin, and San Mateo Counties in California; Clark, Douglas, Esmeralda, Mineral, Nye, and Washoe Counties in Nevada; LaPaz, Mohave, and Yuma Counties in Arizona; and Jackson, Josephine, Klamath, and Lake Counties in Oregon.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere	8.000
Homeowners without credit available elsewhere	4.000
Businesses with credit available elsewhere	8.000
Businesses and non-profit organizations without credit available elsewhere	4.000
Others (including non-profit organizations) with credit available elsewhere	7.125
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere	4.000

The number assigned to this disaster for physical damage is 276606. For economic injury the numbers are 849100 for California; 849200 for Nevada; 849300 for Arizona; and 849400 for Oregon.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: March 17, 1995.

James E. Rivera,
Acting Associate Administrator for Disaster Assistance.

[FR Doc. 95-7510 Filed 3-27-95; 8:45 am]

BILLING CODE 8025-01-M

³ 17 CFR 200.30-3(a)(12) (1994).